करके वहां पर सुविधायें, एक्सचेंज में आग लगी थी और उसमें नुकसान हुआ था । हमने उसी वक्त कुछ इंतजाम किये थे जिससे हमारी सुविधायें बराबर चलती रहें लेकिन पूरी खबर, सही खबर देने के लिये मैं माननीय सदस्या से कहूंगा कि मुझे टाइम दें, नोटिस दें जिससे मैं सही खबर दे सकूं कि यह हालत हमने वहां पर किस तरीके से ठीक की ।

श्रीमती सत्या बहिन : दूसरा सवाल बता दीजिये मान्यवर **(व्यवधान)** रिजेक्टेड मशीनें जो ऐटा में लगाई गई थीं... **(व्यवधान)**

Review of Indian Economy by the National Council of Applied Economic Research

*403. SHRI V. NARAYANASAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the and year review of the Indian economy for the year 1992-93, done by the National Council of Applied Economic Research, shows that the exports are well below the target and Government expenditure will overshoot the budgeted amount; and

(b) if so, what fiscal measures government are taking for balancing the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b). A statement is laid on the Table of the House.

Statement

(a) and (b) In a mid-year review of the Indian economy for the year 1992-93, the National Council of Applied Economic Research has observed that the current year's exports are below the targets and the overall Government expenditure may exceed the budgeted amount by the year-end.

During April-October, 1992, the growth rate of overall exports has shown a considerable improvement, Exports to general currency area (GCA) in dollar terms increased by 13.2 per cent in Apri-October, 1992 (over 1991) compared with an increase of 5.5 per cent. in April-October, 1991 (over 1990) and overall exports increased by 6.1 per cent. during April-October, 1992 compared with a decline of 5.8 per cent. during April-October, 1991.

As regard Government expenditure, the Government are determined to reduce gross fiscal deficit from 6.2 per cent. of GDP in 1991-92 to 5 per cent, of GDP in 1992-93. Total expenditure is being monitored regularly and Government are maintaining strict fiscal and monetary discipline.

SHRI V. NARAYANASAMY: Mr. Chairman, Sir, the hon. Minister has said that exports had increased by 6.1 per cent. during the period April-October, 1992.

The question of exports has to be considered, taking into account the imports being made. On this basis, the question of trade deficit has to be considered. Now, the Commerce Ministry appointed a Committee called the Sundaram Committee, to go into the question of credit facilities for the exporters. An interim report has been submitted by this Committee. They have suggested two things.

One measure suggested by this Committee is, reduction in the interest rate for the people who are seeking credit facilities. Also, they have suggested that credit sqeeze should not be imposed by the banks. But, Sir, the Finance Ministry scurtled it, Now, the imports are double that of exports, as on date, as per the figures.

Therefore, I would like to know from the hon. Minister, what is the rate of increase in exports and imports, during the period April-October, 1992, in dollar terms? Secondly, there is a trade deficit. May I know whether there is a trade gap? If so, how are we going to manage it in the remaining period of three months?

SHRI RAMESHWAR THAKUR: Sir, so far as the exports are concerned, for the period April-October, 1992, in respect of the GC areas, it is 9,964.7 million dollars. In respect of the rupee payment areas, it is 398.6 million dollars. The total is, 10,093.3 million dollars. Actually, in respect of the GC areas there is an increase, as compared to last year. But in respect of the rupee payment areas, there is a decline—52.2 per cent. Overall, it is 5.8 per cent. As you are aware, there are difficulties.

SHRI V. NARAYANASAMY: What about imports?

SHRI RAMESHWAR THAKUR: I am coming to imports. I was talking about exports. In relation to exports, there is recessionary trend, particularly, in the developed countries to whom we used to export. And also we have the figures of slump in the former USSR, This has contributed to the slow growth of exports. But in spite of that, as I have already said, as compared to the last year, we have got an improvement of 13.2 per cent. in this area.

As regards imports, there has been an increase in imports. We have trade deficit in matters of import because in 1990-91 imports were stopped, and there was no foreign exchange. Now with the improvement in foreign exchange position, we have gone from 1.1 billion dollars to more than 5.3 billion dollars. We have liberalied the imports for essential raw-materials, components and capital goods and therefore, there is a trade gap in this regard. (*Interruptions*)

MR. CHAIRMAN: Put your second supplementary. (*Interruptions*).

SHRI V. NARAYANASAMY: Sir, the Minister has not answered my first question. I wanted to know from the Minister as to what is the trade gap. The Minister says that there is a trade gap. What is the trade gap? He should give figures. (*Interruptions*)

SHRI JAGESH DESAI: Every year there is a trade gap. (*Interruptions*).

SHRI V. NARAYANASAMY: Now, the liberalisation has come the new Exim policy has been brought by the Government. Now the exports should increase. (*Interruptions*) Why is the Minister not answering that part of my question? (*Interruptions*)

SHRI JAGESH DESAI: We want the figure of the trade gap. (*Interruptions*).

MR. CHAIRMAN: Please allow the Minister to answer. (*Interruptions*)

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I must tell the Minister that we elders are interested in figures. (*Interruptions*)

SHRI JAGESH DESAI: I know the figures. *Interruptions*)

SHRI RAMESHWAR THAKUR: The export figure for the period from April to October was 15147 million US dollars and the total in 1991-92 was 10.860 million US dollars. So far as 1992-93 figures is concerned, the total is 12.816 million US dollars. In exports, as we have already given the figures, there is a trade gap—deficit of minus—that is, 2723 million US dollars. So far as April to October 1992 period is concerned, it was 2723 million US dollars. (*Interruptions*).

MR. CHAIRMAN: Put your second supplementary. (*Interruptions*)

SHRI V. NARAYANASAMY: Sir, even the first supplementary has not been answered. What steps is the Government taking to fill the gap? (*Interruptions*)

When the first supplementary is incomplete, how can I ask the second supplemetary? (*Interruptions*).

The trade gap has not been given by him.

MR. CHAIRMAN: You have to wait for a year to know it. You please ask your second supplementary.

SHRI V. NARAYANASAMY: How are they going to fill the trade gap? My second supplementary is about something else.

MR. CHAIRMAN: He can answer together with that. (*Interruptions*).

SHRI V. NARAYANASAMY: He cannot answer. (*Interruptions*) They must have some plan. What steps is the Government taking to minimise the gap or reduce the gap? It is an alarming figure. (*Interruptions*)

MR. CHAIRMAN: Allow the hon. Minister to say something.

SHRI RAMESHWAR THAKUR: Sir, we have taken a number of steps and in 1991-92 including the current year, efforts are being made to augment the exports in the areas where we could do it and I have got a complete list of items. I could say in different areas, we have taken the steps and a certain improvement has been noticed. As compared to last year, we have got an improvement of 13.2 per cent. in this area. But in the case of former USSR areas, as we are aware, we have got a deficit. This we have to improve upon in view of the actual rouble-rupee exchange rate which has been one of the major factors between us and also the slump in the Republics. The efforts we have made are three-fold. One is to improve the quality of exportable goods. A number of concessions have been given and now the interest rate has been reduced by one per cent. Credit is being provided and banks have been asked to give at least 10 per cent of their total credit to poor States for imports on a priority basis. A number of other concessions are also given particularly in the Export Promotion Zones. In those areas we have given concessions with regard to imports of capital goods, free of import duty. Also we give fiscal concessions to those who are exporting out of those areas and the cumulative effect of this is that we have increased and we are hopeful of increasing it. There has been one trend of increasing during the last three months and we are hopeful that during the next three months from December onwards, we will improve it and reach the target of 13 per cent. as we have estimated for the current year.

MR. CHAIRMAN: Second supplementary.

SHRI V. NARAYANASAMY: For my second supplementary I seek your protection, Sir.

MR. CHAIRMAN: Well. Question Hour cannot be a full-fledged debate or discussion.

SHRI V. NARAYANASAMY: Part (b) of my question is what fiscal measures the Government are taking for balancing the economy by reducing the Government expenditure and the budgetary amount. The Minister's reply is the Governments are maintaining fiscal and monetary discipline. This is the reply, Sir! What fiscal measures have they taken? That is my question.

SHRI JAGESH DESAI: That all the Government-men can't do. There is nothing new. ...(*interruptions*)...

MR. CHAIRMAN: Will you ask your supplementary?

SHRI V. NARAYANASAMY: I am asking, Sir. If the Chairman is satisfied, I am taking the second supplementary.

MR. CHAIRMAN: Please ask your second supplementary

SHRI V. NARAYANASAMY: Sir, my second supplementary is this. The hon. Prime Minister has announced that about Rs. 2000 crores by way of fiscal measures and reducing the Government expenditure will be approved; in all the State Government Budgets and the Central Budget a 5 per cent cut will be there this year. But none of the State Governments or even the Central Government have adhered to it. I would like to know whether you are going to strictly follow it for the purpose of reducing the expenditure and bringing it to the budgetary level.

SHRI RAMESHWAR THAKUR: Sir, there are two aspects of it. One is this So far as the fiscal deficit is concerned, as the hon. Members are aware, we have brought it down in the earlier year, 1991-92, from 8.4 per cent to 6.2 per cent and the Government's determination is to have a strict monitoring of the expenditure, particularly the Non-Plan Expenditure, of different Departments in

such a manner as to ensure that the budgeted figure of 5 per cent deficit is maintained and that is what we are expected to do. So far as indications go, it will be possible to do it. This is as per the information of the Government. Various measures are taken in regard to improvement in the Revenue part and I am happy to inform you that this has been possible for us with the effective efforts, in spite of this substantial reduction in the taxation rates. In the case of customs and excise duties we have reduced from 150 per cent to 110 per cent; in the case of capital goods from 85 per cent to 55 per cent. In the case of income-tax also we have raised the limit of Rs. 22,000 to Rs. 28,000 and we have reduced the income-tax rate from 50 per cent to 40 per cent. It has been possible for us in all these six months up to October. Earlier also, in the first six months, up to September, we were able to improve 20 per cent; in case of customs and excise from Rs. 21,500 crores to Rs. 26,000 crores and in the case of income-tax from Rs. 3,300 to Rs. 6,100 crores; that is, 81 per cent increase. So efforts are being made to raise the revenue and also to reduce the expenditure and to ensure that we are in a position to maintain the budget figure of 5 per cent, I have stated earlier.

SHRI S. JAIPAL REDDY: Sir, first of all, I would like to draw your attention to the serious deficiency, may, perversity, in the reply given by the Minister. May I read the last part of the reply:

> "As regards the Government expenditure the Government are determined to reduce gross fiscal deficit from 6.2 per cent of GDP... to 5 per cent..."

I am unable to see the necessary correlation between the Government expenditure reduction and the reduction in the fiscal deficit because the fiscal deficit can be reduced through various perverse methods such as reduction in the investment in social sectors and in infrastructural sectors and through withdrawal of subsidy. So, the Government should tell us as to what steps the Government has taken to reduce the Government expenditure. The National Council of Applied Economic Research has shown that the Government expenditure has increased. That means the Government is guilty of increasing prodigality. The Government is not informed by any spirit of austerity. Will the Minister come forward and take the House into confidence as to the measures they have taken to reduce the Government expenditure and as to what the latest figures are in regard to non-Plan Government expenditure?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Chairman, Sir, the total expenditure of the Central Government was approved by the Parliament when the Budget was approved. As far as the current trends are concerned, it is true that in some areas the expenditure will exceed. For example, we have budgeted for a fertilizer subsidy of Rs. 5,000 crores and on the current indication the subsidy will exceed the budgeted amount by over Rs. 1,500 crores. Similarly, on the food subsidy, we have budgeted an amount of Rs. 2,500 crores, but the total amount of food subsidy will exceed. But despite all this, as the hon. Minister for Revenue has said, our efforts will be to see that the total fiscal deficit will be kept at the promised level of 5 per cent without reducing the expenditure on the Plan.

SHRI S. JAIPAL REDDY: No, Sir. I was trying to draw his attention to the efforts made by the Government to reduce the expenditure on Governmental machinery. Will the Minister throw some light on this aspect?

SHRI MANMOHAN SINGH: I need a separate question on that. The question was with regard to exports and Government expenditure in general.

SHRI GURUDAS DAS GUPTA: Sir, the answer to the question again demonstrates how hollow has been the assurance of the Government. When the Budget was presented, when the country

was going through a crisis. Dr. Manmohan Singh repeatedly came to the House and said that all attempts had been made—the devaluation and everything—and he promised that within six months the country would reach a new peak of development. Now we have the real picture. Now we have the colossal failure on the part of the Government and it has been proved that the promise of the Government has not been the executed.

MR. CHAIRMAN: Now, you ask the question.

SHRI GURUDAS DAS GUPTA: My question is that the exports have fallen. That is the statement. What is the reason? Why have the exports fallen? What is the reason?

MR. CHAIRMAN: He said that it has not fallen.

SHRI GURUDAS DAS GUPTA: This is part (a) of my question. Export does not depend only on our production, but it depends on the foreign market. We have also come to know that the industrial production of the country is lagging behind; the agricultural production is lagging behind; the entire country is going through a period of serious crisis. I would like to know from the hon. Minister whether this situation has any relevance to the falling foreign export or whether it has anything to do with the situation existing in the foreign market.

SHRI MANMOHAN SINGH: Mr. Chairman. Sir, I think the hon. Member has got his facts wrong. Exports have not decreased. In fact, exports have gone up in April-October period by 6.1 per cent in dollar terms. They did decline by 5.8 per cent last year. But this year the trend in aggregate export is up. Now exports in the general currency area in April-October have gone up by 13.2 per cent in dollar terms. Whereas last year they went up only by 5.5 per cent. The only area where our export performance has been poor is with regard to exports to the former Soviet Union areas. But the reasons for that are well known and that is not something we can help.

SHRI N. K. P. SALVE: The adjustment to fiscal deficit to a certain percentage of GDP is not an end in itself to bring about a certain balance in the economy. It is meant *inter alia* to check the Government's profligacy and to ensure better financial management and if this is true, then the three aspects to one question, the Finance Minister must reply. I crave his indulgence. Number one is: To what extent has the Government been able to control and check its non-developmental expenditure in accordance with the norms prescribed by the Ninth Finance Commission which were accepted by the Parliament. The second aspect of the matter: To what extent, reduction of the Planned and developmental expenditure in real terms has led to macro economic imbalance in the way of acute recession in the country and growing unemployment? Finally, did the World Bank or the IMF have any say in the matter of adjustment fiscal deficit as a percentage of our GDP?

SHRI MANMOHAN SINGH: Sir, with regard to the question as to how far expenditure has been reduced in relation to the norms prescribed by the Finance Commission, I do not have data before me. I need a separate question for that. As regards the question whether the World Bank or the IMF have had any say in this matter, I would like to reaffirm that economic politicies in this country are made and approved by the Government and approved by the Parliament in the light of our national interests. It is true that we do need loans from the International Monetary Fund. We do need loans from the World Bank. We do consult them with regard to certain parameters of broad macroeconomic management. But this is not a new thing. This we have been doing for the last 45 years since we became independent.

SHRI N. P. K. SALVE: What about the Plan and developmental expenditure-reduction in real terms.

MR. CHAIRMAN: Isn't it a larger question arising from this?

SHRI N. K. P. SALVE: It arises. In fact, all the questions arise out of it. I do not want to embarrase the Finance Minister any more... (*interruptions*)...

SHRI KAMAL MORARKA: You have already embrrassed him enough... (*interruptions*)...

श्रीमती सुषमा स्वराज : सभापति महोदय, मैं आपके माध्यम से मंत्री महोदय से यह जानना चाहती हूं कि प्रश्न के भाग (ख) में पूछा गया था कि :

What fiscal measures is the Government taking for balancing the economy?

इसके जवाब में सरकार ने कहा है कि :

The total expenditure is being monitored regularly and Government is maintaining strict fiscal and monetary discipline. सभापति जी, यह जनरल टाइम का स्टेटमेंट है जो कोई संतोषजनक सदन को नहीं देता । मैं बड़े सीधे तौर पर मंत्री जी से यह जानना चाहती हूं कि जो कदम उन्होंने अर्थ-व्यवस्था को संचालित करने के लिये उठाये हैं, सारे तो नहीं पर कम से कम कुछ उपायों का ब्यौरा सदन में देने की कृपा करें जिससे पता चले कि अर्थ-व्यवस्था को संतुलित करने की तरफ उनका कोई कदम जा रहा है ।

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, as the saying goes, 'the proof of the pudding is in the eating.' The major objectives of the economic policy in the last 18 months have been reduction in the balance of payment, disequilibrium reduction in the rate of inflation. I would like to inform the House that on both these accounts there has been a steady improvement in the position. With regard to reserves, the hon. Minister has mentioned that they have gone up very significantly. With regard to Inflation, the inflation rate, the annual rate, has declined from about 17 per cent in August, 1991, to less than 9 per cent today.

SHRI PASUMPON THA. KIRUTTINAN: Sir, our hon. Minister just now said that our export has increased. In his statement also, he has mentioned that overall exports increased by 6.1 per cent during April-October, 1992 compared wih a decline of 5.8 per cent during April-October, 1991. I would like to know...

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Air India's modernisation and fleet augmentation programme

*404. CHOWDHRY HARI SINGH:

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:

Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state:

(a) whether Government have finalised a long term fleet augmentation and modernisation programme for Air India;

(b) if so, what are the details of the aircraft proposed to be inducted and weeded out by A. I. during the ensuing three years; and

(c) what are the cost, capacity and other salient features of the new aircraft proposed to be so inducted?

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI MADHAVRAO SCINDIA): (a) to (c) Air India has prepared a long term fleet renewal plan for replacement and capacity augmentation. This is not a final programme, as long term plans have to be reviewed in the light of the changing